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# ASMED QUARTERLY REPORT

October – December 2009

January 2010

This publication was produced for review by the United States Agency For International Development. It was prepared by the prime contractor for the Afghanistan Small and Medium Enterprise Development project, DAI Inc.



# AFGHANISTAN SMALL AND MEDIUM ENTERPRISE DEVELOPMENT (ASMED)

QUARTERLY REPORT OCTOBER THROUGH DECEMBER 2009

USAID Contract: 306-C-00-07-00503-00

USAID COTR: Zdravko Šami

Submitted by: DAI

7600 Wisconsin Ave., Ste. 200

Bethesda, MD 20814

Submitted to: Afghanistan Mission

U.S. Agency for International Development

Kabul, Afghanistan

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# Abbreviations

ABA	Afghan Builders' Association
ABA	Afghan Banker's Association
ABC	Advanced Business Consulting
ACCA	Afghan Consulting Companies Association
ACCI	Afghanistan Chamber of Commerce and Industry
ACCW	Afghan Craft Carpets Weaving and Processing Company
ACEG	Afghan Carpet Exports Guild
ADP/E	Alternative Development Program/East
ADT	Agribusiness Development Team
AEW	Afghan Earth Works
AIBM	Afghan Institute of Business Management
AICB	Afghan Innovative Consulting Bureau
AISA	Afghanistan Investment Support Agency
AREDP	Afghanistan Rural Enterprise Development Program
ASMED	Afghanistan Small and Medium Enterprise Development
AWAA	Afghan Women's Agriculture Association
AWBF	Afghan Women's Business Federation
AWSBDA	Afghan Women's Social and Business Development Association
BBA	Bachelor in Business Administration
BDC	Business Development Center
BDS	Business Development Services
BSP	Business Service Providers
CBS	Comprehensive Business Services
CCI	Chamber of Commerce and Industries
CEFE	Competency Based Economies through Formation of Enterprise
CIDA	Canadian International Development Agency
EPAA	Export Promotion Agency of Afghanistan
ESDC	Entrepreneurship Skill Development Center
FICCI	Federation of Indian Chamber of Commerce and Industries
FMFB	First Micro Finance Bank
GDA	Global Development Alliance
HUDO	Hewad United Development Organization

IITF India International Trade Fair  
 ISO International Organization for Standardization  
 MDG Marketplace Development Grant  
 MHP Mini Hydro Power  
 MICC Mashallah Ibrahim Construction Company  
 MoCI Ministry of Commerce and Industries  
 MOU Memorandum of Understanding  
 MRRD Ministry of Rural Rehabilitation and Development  
 NGO Non-governmental Organization  
 PCCTNUK Provincial Council of Crafters/Traders National Union of Kunduz  
 PCCUB Provincial Council of the Crafters Union, Baghlan  
 PDT Peace Dividend Trust  
 PRT Provincial Reconstruction Team  
 QSPA Qataghan Seed Production Association  
 RFP Request for Payment  
 RHL Remote Hydrolights  
 SCPC Shadmerh Candy Production Company  
 SDLR Social Development and Legal Rights  
 SME Small and Medium Enterprise  
 SPWA Seed Producer and Wholesaler Association  
 TMF Turquoise Mountain Foundation  
 WPCO Women's Public Call Office  
 WWA Women's World Association



# EXECUTIVE SUMMARY

ASMED supports private sector growth in Afghanistan with the ultimate objectives of small and medium enterprise development and job creation. Following the granting of the project's two year extension and the allocation of supplemental funding for continued programming, ASMED expanded technical teams and established a new Central Region office, enabling the project to increase the delivery of assistance to Afghanistan's private sector. Highlights of the last quarter's activities by program component are presented here.

## COMPONENT 1: IMPROVE MARKET INFORMATION

Building market linkages through participation in trade fairs is a key priority for ASMED. Direct contact with buyers and agents, particularly from distant end-markets, not only provides valuable learning opportunities for Afghan SMEs but generates significant economic growth. This quarter saw further penetration of Afghan SMEs into new and existing markets.

### Highlight: First Ever SME Trade Fair in Kandahar

With assistance from ASMED, the first ever SME Trade Fair was held in Kandahar in November, bringing together local and regional businesses, and attracting more than 3000 visitors. The First Moscow Fair of Afghan Products, held in Moscow in December, opened up new markets for the marble, carpet, and dried fruits sectors, generating contracts in excess of \$15 million.

"The trade fair was a good opportunity for creating business deals, business to business meetings and knowing about local production. We hope similar programs will be ongoing in future and if it happens so, the local production will be developed both within Afghanistan and in international markets." - Eng. Abdul Baqi, Director of Afghanistan Chamber of Commerce and Industries – Kandahar

"This was really a wonderful event. I did good business deals and sold my products, but it was very interesting for me that I met many other businessmen. International companies promised me that they will find marketing opportunities our goods and will try to obtain regular contracts for international markets".

- Haji Abdul Raziq, carpet trader

## COMPONENT 2: IMPROVE BUSINESS DEVELOPMENT AND MANAGEMENT SKILLS

BDS providers are critical for sustained and efficient private sector growth. ASMED continues working with consultancy firms, local associations, and universities, to develop and expand trainings for SMEs in improved management practices, new investment and expansion, the introduction of new products and services, and the improvement of business productivity and profitability. Highlights this quarter include significant expansion of training activities to SMEs in the southern region, and continued support to the ASMED-established BBA course at Nangarhar University.

## COMPONENT 3: STRENGTHEN BUSINESS ASSOCIATIONS

While continuing its support of national associations such as the AWBF and the ACCI, this quarter ASMED worked with smaller, locally based associations across the regions in improving their services, representation skills, and financial sustainability. Consolidating nascent associations into effective organizations is a priority for ASMED, working with each organization to define

services and products that meet the needs of their members. To that end, we are supporting a range of activities across the regions from the establishment of association incubators in the country's east to assisting small artisan associations in providing vocational training in the west.

## **COMPONENT 4: GLOBAL DEVELOPMENT ALLIANCES AND GRANTS**

The fourth quarter marked a major consolidation and expansion of ASMED's GDA and Grant programs. Both GDA and Grant teams put into place new processing systems and controls making it possible to process a great volume of activities while improving oversight and compliance.

From October 2006 until the new systems were in place in October 2009, ASMED concluded 17 Global Development Alliance (GDA) agreements for a total value of \$3.7 million in a three year period. Since October 2009, ASMED has concluded an additional 17 GDA agreements with a value of over \$4 million in a little over three months. Similarly, where ASMED processed an average of 16 grants per quarter in the base period, in the last quarter alone the team processed 24 grants with the average value of grants increasing from \$31,000 to \$57,000.

### **Highlight: Reviving Afghanistan's provincial markets**

Last winter, the surface of Etifaq market was so thick with mud that traders and shoppers had begun to stay at home. The market, in the northern city of Sherberghan, is a regional centre of the Afghan carpet industry. Carpet producers come to Etifaq to buy the raw materials needed to weave Afghanistan's world famous carpets while traders come to the bazaar to buy the rugs for sale in Kabul and beyond. The muddy, uneven surface had made trading almost impossible in winter.

But all that has now changed. Following a request from the Sherberghan municipality, ASMED began work on refurbishing the market as part of its Marketplace Development Grant program. The market was resurfaced, with new gravel and fresh concrete laid, making access to the 90 shops easier for customers and traders alike.

The refurbished bazaar was inaugurated in October. Thanking ASMED, Najib, a local carpet trader proclaimed, "We will have no more dust and mud in our market and customers will more often visit our shops after this concrete work"



**Refurbished Etifaq Market  
Inauguration Ceremony, Sheberghan  
city, Jawzjan Province  
(USAID/ASMED)**

### **Highlight: Lighting up Jalalabad**

Ten years ago, computers were hard to find in Afghanistan and the internet was a world away. A decade on, the country still lags behind in access to computers and internet connectivity but all that is changing thanks to a public-private partnership between ASMED, NATO, the La Jolla Golden Triangle Rotary Club Foundation based in San Diego, Nangarhar University and a consortium of Afghan partners. The project, "Light Up Jalalabad", is bringing internet connectivity to educational institutions in Jalalabad, in Afghanistan's east.

Internet access and training on how to use it is a problem in Afghanistan, limited by the high cost of connectivity and computing equipment. ASMED is building computer labs with internet access at Nangarhar University, the Nangarhar College of Education, Nangarhar Hospital and the Nangarhar Medical School, five local high schools as well as creating a centrally based internet café in downtown Jalalabad for use by local entrepreneurs.

The groundwork has begun with computer labs refurbished at both the Nangarhar Medical School and Nangarhar University's Faculty of Computer Science. With just a handful of functioning computers between them, the schools now have over 70 new computers with all the equipment necessary to maintain them, as well as webcams, projectors, stabilizers and software. Internet connectivity is provided by NATO, linking all locations with one central server.



**Light up Jalalabad project completion  
Jalalabad city, Nangarhar province  
(USAID/ASMED)**

## **Highlight: Building classrooms of the future**

After years of war, instability, and times when computer technology was banned, ASMED is bringing laptops designed to improve education into Afghan schools.

This classroom of the future is being piloted in Afghanistan today thanks to an innovative GDA between ASMED, OLPC, the Ministry of Education, the Ministry of Communication and Information Technology, Roshan Social Programs, and Afghan IT company Paiwastoon Networking Services.



**Afghan Children using laptops  
(USAID/ASMED)**

This successful venture improves Afghanistan's educational system and rebuilds the country's human capacity, creating opportunities for much-needed income generating activities.

## **Highlight: Bringing Back Afghan Skills**

During the years of instability, many of Afghanistan's carpet weavers and traders fled to Pakistan where they re-established their businesses and have remained to this day.

With the deterioration of security in Pakistan, notably in the Northwest Frontier Province, home to most Afghan carpet professionals, ASMED and the Afghan Carpet Exporters' Guild - Jalalabad (ACEG), are repatriating 108 Peshawar-based Afghan carpet traders. ASMED and ACEG have identified a marketplace for these businesses in Jalalabad, and will assist with their repatriation, furnishings, business management and advisory services, and the development of a B2B website for the members of the association.

This initiative will not only benefit the carpet traders, but will bring back traditional Afghan skills, increase the export of Afghan made carpets, attract more Afghan carpet professionals back to their homeland, increase in carpet production and value added services in the country's east, and provide an important economic impact in other service sectors that feed into the carpet sector.

## **COMPONENT 5: HUMAN CAPACITY BUILDING**

Building a professional, qualified workforce for continued private sector development is a key priority for ASMED. Our professional internship program supports practical business training for Afghanistan's private sector leaders of tomorrow. The program continued to expand this quarter, reaching into the less secure provinces of the southern region. With no universities in Helmand, Uruzgan and Zabul, ASMED has adapted this successful activity to enable high school students in these underserved provinces to learn the same skills as their university counterparts in other provinces. Programs for tertiary students began this quarter at Paktia and Baghlan universities and continued at Kabul, Herat, Nangarhar and Balkh universities.

With an extraordinary success rate in securing permanent employment for its graduates, ASMED continues to receive multiple requests from students and companies alike to expand this program. Plans are now underway for the internship program to begin at Faryab University in the next quarter.

### **Highlight: Rebuilding a professional workforce**

After completing his studies at the Faculty of Education at Kandahar University, Aziz Ahmed joined ASMED's internship program and spent three months with a local construction company during his practical placement. His newly acquired skills in office administration and management lead to an offer from Afghanistan's premier telecommunications company Roshan, Afghanistan's leading cellular service provider. Mr. Ahmed is now Roshan's Agent sales Coordinator for the southern region.

# MONITORING AND EVALUATION (M&E)

PMP Ind	PERFORMANCE INDICATOR  Indicator  (source of information)	Region of Coverage	Qtr 01 10 October - December 2009			Cumulative Year 2010			LIFE OF PROJECT Totals		
			Target	Ttl	%	Target	Ttl	%	LOP Target	Ttl	%

## Tier I Indicators

### II. BUSINESS DEVELOPMENT AND MANAGEMENT SERVICES

Sub Immediate Result: Improve Business Development and Management Services

2.1	<b>50 BDS Firms Supported</b>  (BSP Reg Forms)	<b>TOTAL</b>	<b>5</b>	<b>1</b>	<b>20%</b>	<b>20</b>	<b>1</b>	<b>5%</b>	<b>50</b>	<b>1</b>	<b>2%</b>
		Central	1	0	0%	4	0	0%	10	0	0%
		Eastern	1	1	100%	4	1	25%	10	1	10%
		Western	1	0	0%	4	0	0%	10	0	0%
		Northern	1	0	0%	4	0	0%	10	0	0%
		Southern	1	0	0%	4	0	0%	10	0	0%
2.2	<b>10,000 businesses supported.</b>  (Enterprise and Association Reg forms)	<b>TOTAL</b>	<b>750</b>	<b>577</b>	<b>77%</b>	<b>9000</b>	<b>8659</b>	<b>96%</b>	<b>10,000</b>	<b>8,659</b>	<b>87%</b>
		Central	200	21	11%	2400	1002	42%	2,500	1,002	40%
		Eastern	181	130	72%	2175	2959	136%	2,500	2,959	118%
		Western	181	74	41%	2175	1394	64%	2,200	1,394	63%
		Northern	125	313	250%	1500	2594	173%	1,800	2,594	144%
		Southern	63	39	62%	750	710	95%	1,000	710	71%
2.3	<b>1450 new SMEs created.</b>  (Enterprise Reg forms)	<b>TOTAL</b>	<b>100</b>	<b>21</b>	<b>21%</b>	<b>400</b>	<b>21</b>	<b>5%</b>	<b>1,450</b>	<b>671</b>	<b>46%</b>
		Central	19	0	0%	75	0	0%	230	82	36%
		Eastern	25	18	72%	100	18	18%	300	114	38%
		Western	25	2	8%	100	2	2%	340	144	42%
		Northern	19	1	5%	75	1	1%	460	318	69%
		Southern	13	0	0%	50	0	0%	120	13	11%
2.4	<b>140 SMEs accessed bank loans/equity as a result of USG assistance.</b>  (Enterprise Survey DB, Reg. and Survey Forms)	<b>Afghanistan-wide</b>	<b>5</b>	<b>0</b>	<b>0%</b>	<b>20</b>	<b>0</b>	<b>0%</b>	<b>30</b>	<b>100</b>	<b>333%</b>



PMP Ind	PERFORMANCE INDICATOR		Region of Coverage	Qtr 01 10 October - December 2009			Cumulative Year 2010			LIFE OF PROJECT Totals		
	Indicator			Target	Ttl	%	Target	Ttl	%	LOP Target	Ttl	%
	(source of information)											
III. BUSINESS ASSOCIATION												
Sub Immediate Result: Formalize and strengthen business associations o create economic reform and maintain sustainability												
3.2		TOTAL	19	1	5%	75	1	1%	350	252	72%	
	350 existing business associations supported	Central	4	0	0%	16	0	0%	80	81	101%	
		Eastern	4	0	0%	17	0	0%	80	99	124%	
		Western	4	0	0%	16	0	0%	75	27	36%	
		Northern	4	1	25%	16	1	6%	75	36	48%	
		Southern	3	0	0%	10	0	0%	40	9	23%	
	(Association Reg forms)											
IV. PUBLIC-PRIVATE SECTOR ALLIANCES - GDA												
Sub Immediate Result : Establish private-public sector alliances to strategically invest in enterprises												
4.2		TOTAL	\$3,000,000	\$9,031,943	301%	\$12,000,000	\$9,031,943	75%	\$36,000,000	\$22,849,740	63%	
	\$36 million leveraged through Private-Public partnerships (GDAs)	Central	\$750,000	\$265,305	35%	\$3,000,000	\$265,305	9%	\$7,540,000	\$2,054,492	27%	
		Eastern	\$750,000	\$1,487,625	198%	\$3,000,000	\$1,487,625	50%	\$7,225,000	\$2,911,205	40%	
		Western	\$750,000	\$222,005	30%	\$3,000,000	\$222,005	7%	\$7,575,000	\$2,049,875	27%	
		Northern	\$500,000	\$6,835,005	1367%	\$2,000,000	\$6,835,005	342%	\$9,935,000	\$13,608,585	137%	
		Southern	\$250,000	\$222,005	89%	\$1,000,000	\$222,005	22%	\$3,725,000	\$2,225,585	60%	
	(GDA Agreements)											
V. HUMAN CAPACITY DEVELOPMENT												
Sub Intermediate Result: Build Capacity of Afghan work force to secure greater income through employment and improve performance of their enterprises												
5.1		TOTAL	225	191	85%	900	191	21%	2,200	1256	57%	
	2200 internship opportunities provided	Central	45	66	147%	180	66	37%	500	368	74%	
		Eastern	45	75	167%	180	75	42%	550	379	69%	
		Western	45	0	0%	180	0	0%	400	184	46%	
		Northern	45	50	111%	180	50	28%	350	205	59%	
		Southern	45	0	0%	180	0	0%	400	120	30%	
	(Internship lists)											
5.2	500 Graduates Trained in Sector Specific Skills (Graduate registration forms)	TOTAL	0	0	0%	150	0	0%	500	0	0%	

PMP Ind	PERFORMANCE INDICATOR		Qtr 01 10 October - December 2009			Cumulative Year 2010			LIFE OF PROJECT Totals		
	Indicator <i>(source of information)</i>	Region of Coverage	Target	Ttl	%	Target	Ttl	%	LOP Target	Ttl	%

### Tier II Indicators

ALL COMPONENTS											
A	<b>TOTAL</b>		<b>75</b>	184	245%	<b>300</b>	184	61%	<b>600</b>	<b>184</b>	31%
	<b>600 SMEs that have added value and/or diversified into higher value products and services as a result of ASMED assistance</b> <i>(Enterprise Survey DB, Reg and Survey forms)</i>	Central	<b>18</b>	32	183%	<b>70</b>	32	46%	<b>140</b>	<b>32</b>	23%
		Eastern	<b>20</b>	55	273%	<b>80</b>	55	68%	<b>160</b>	<b>55</b>	34%
		Western	<b>20</b>	52	261%	<b>80</b>	52	65%	<b>160</b>	<b>52</b>	33%
		Northern	<b>11</b>	16	140%	<b>45</b>	16	35%	<b>90</b>	<b>16</b>	18%
		Southern	<b>6</b>	29	469%	<b>25</b>	29	117%	<b>50</b>	<b>29</b>	58%
B	<b>25% increase in number of clients of Business Development Service providers</b> <i>(BSP Survey)</i>	Afghanistan-wide	<b>25%</b>	105%	420%	<b>25%</b>	105%	420%	<b>25%</b>	<b>105%</b>	420%
C	<b>55,000 full-time jobs created by USG supported activities</b> <i>(Enterprise Survey DB, Reg. and Survey Forms)</i>	Afghanistan-wide	<b>3750</b>	3,067	82%	<b>15,000</b>	3,067	20%	<b>55,000</b>	<b>37,579</b>	68%
D	<b>400 firms investing in improved technology as a result of ASMED assistance</b> <i>(Enterprise Survey DB, Reg. and Survey Forms)</i>	Afghanistan-wide	<b>50</b>	153	305%	<b>200</b>	153	76%	<b>400</b>	<b>2181</b>	545%

## PROGRAM COMPONENT I:

# MARKET INFORMATION

## FIELD ACTIVITIES – NATIONAL AND INTERNATIONAL

### Index Interior Design Show, Dubai, United Arab Emirates

A highlight of this year's INDEX Interior Design Show, held in Dubai from November 14 – 17, was the ASMED-funded Turquoise Mountain Foundation booth. Eye catching items included intricate woodwork calligraphy panels, lattice screens, bookcases, tables, and other carvings of cedar and black walnut, detailed calligraphy on large canvases, as well as marble, carpets and textile samples.

This was the third year that Turquoise Mountain exhibited at INDEX and expectations were very high. The show's greatest success was the exposure it provided to the lucrative Middle Eastern interior design market, generating interest from a large range of local and international interior design professionals. The TMF team sold almost all of their pieces for an approximate value of \$20,000. Most importantly, the contacts made at the show will translate into future work for Afghanistan's artisans.

### India International Trade Fair, New Delhi, India

ASMED supported 31 Afghan traders at this year's annual India International Trade Fair (IITF), held in Delhi from November 14 – 27, the traders represent several sectors in which Afghanistan enjoys a comparative advantage: marble, carpets, handicrafts and agribusiness products.

The IITF is the biggest event of its kind in the region. Open to both industry professionals and the public, this year's IITF attracted more than 5,500 enterprises from 66 countries including Germany, Japan, the UK, Korea, Bangladesh, Myanmar, Bhutan, Thailand, China, and Pakistan.

The ASMED-sponsored pavilion was awarded first prize in the foreign pavilions section. Total sales for the Afghan delegation were approximately \$352,689 lead by the carpet, fresh fruit, handicrafts and dried fruit sectors. Highly successful business-to-business meetings were facilitated by AISA and the Federation of Indian Chambers of Commerce and Industries (FICCI) on 18 and 19 November, securing further sales contracts in saffron, silk scarves, dried fruits and carpets.

### Dubai Big5 Marble Trade Show 2009, Dubai, United Arab Emirates

From November 23 through 26, ASMED participated at the Dubai Big5, the largest marble trade show in the Middle East featuring over 3000 exhibitors. The ASMED marble team explored demand and market opportunities for Afghan marbles, publicized investment opportunities for the sector, identified potential investors and promoted the 2010 International Marble Conference to be held in Herat province. ASMED shared a booth with Equity Capital Mining, an Afghan marble firm displaying its white dove marble, known as Doost White Marble, from the Chesht-e-Sharif area near Herat. The samples generated a great deal of interest from leading marble buyers from all over the world.

In addition to meeting with potential investors and discussing opportunities in the Afghan marble sector, ASMED also met with Mr. Flavio Marabelli, president of Confindustria Marmomacchine, the Italian association of manufacturers and users of marble machinery and other equipment for natural stone processing. Together with Mr. Marabelli, ASMED planned training in modern quarry equipment and techniques for over 30 Afghan quarry operators to take place this spring. The training



**Afghan marble at Dubai Big5 show  
(USAID/ASMED)**



will be delivered by experts provided by Marmomacchine on machinery at one of Afghanistan's major quarry operations brought into Afghanistan through the ASMED supported Equity Mining GDA.

### **First Moscow Fair of Afghan Products, Moscow, Russia**

ASMED, in partnership with GTZ and the EPAA, supported Afghanistan's participation at the First Moscow Fair of Afghan Products which opened at the All-Russian Exhibition Center in Moscow on 9 December, 2009. 31 Afghan SMEs exhibited carpets, handicrafts, leather products, marbles, gemstones, and fresh and dried fruits to local business representatives and members of the public. The opening of the 5 day show was attended by the Ambassador of Afghanistan, the Deputy Director of the Chamber of Commerce of Russia, and other officials from the Embassy of Afghanistan in Moscow.

The aim of the fair, the first exhibition of its kind for over 20 years, was to introduce products from Afghanistan to potential buyers in Russia. The show produced \$442,000 in sales, particularly carpets, fur coats and jewelry. Jewelry enjoyed the most attention with visitors buying items of precious and semi-precious stones.



**Afghan carpets on display at the First Moscow Fair of Afghan products, Moscow, Russia (USAID/ASMED)**

### **Preparations for Tucson Gemstone and Jewelry Exchange (GJX) Trade Show, Tucson, Arizona**

On December 5 and 6, ASMED held a workshop for the 24 gemstone trading SMEs participating at the Tucson Gemstone and Jewelry Exchange, a trade show held in Arizona in February, 2010. Gary W. Bowersox, author of "The Gem Hunter", a renowned gemologist and adventurer who is among the top 10 experts in the world on modern-day Afghanistan, trained participants in preparation for participating at the show. Topics covered included presentation, inventory selection and security, selling techniques for gem shows in the United States, pricing, labeling, customs clearances, pro forma invoices, financing, banking, invoicing customers, and product and showcase displays. Mr. Bowersox has worked with gem miners in Afghanistan, Brazil, Burma, Madagascar, Sri Lanka, and Thailand, chaired eight symposiums from 1982 to 2001 on the gems and minerals of Afghanistan, and was featured on "The Gem Hunter in Afghanistan, 2001", a 50-minute television documentary. Mr. Bowersox's support to for the Tucson show includes making special arrangements with US customs for clearance inspection of the Afghan stones traveling to the show, as well as raising the profile of Afghan traders exhibiting in Tucson through a personal mailing Mr. Bowersox has sent to key players in the gemstone trade worldwide inviting them to visit the Afghan traders at the show. ASMED's Trade Fair Specialist, Mr. Adrian Baskey, discussed pre export inspection and re-importation procedures for gemstones being taken to the show, advertising, and publicity. The group will leave Kabul for the US at the end of January.

### **Preparations for Domotex Carpet Trade Show, Hanover, Germany**

21 Afghan exhibitors will participate at the ASMED-sponsored Afghanistan Pavilion at the Domotex Carpet Trade Show, to be held in Hanover, Germany from January 16 – 19, 2010. The group came to the ASMED Kabul office in December to participate in a one day marketing training with visiting short-term brand marketing consultant, Mr. Alan James.

A lively discussion took place in which all the major steps in a marketing plan were mapped: market research, planning your objectives for the show, developing a trade show marketing plan, and "seven steps to effective selling".

## FIELD ACTIVITIES – SOUTH

### First Ever SME TradeFair in Kandahar City

Despite ongoing security concerns, the first ever SME Trade Fair was held in Kandahar city from 19 to 21 November. Co-funded by ASMED and CIDA, the fair attracted more than 30 exhibitors from SMEs in Kandahar and other provinces, showcasing their products and services. Around 3,000 visitors from the Kandahar business sector and general public attended the three day event.

A huge success was the Business-to-Business meetings, arranged on the final day, between local, national and international SMEs enabling them for the first time to explore further business opportunities for Afghan products.

The fair was inaugurated by the Deputy Provincial Governor of Kandahar, Mr. Ghulam Hamayoon, in a ceremony attended by the Mayor, the Director of Economic Department, AISA, ACCI and other governmental and non-governmental organizations. Almost \$2,000 in sales were recorded and \$50,000 in business deals initiated.



**First ever SME trade fair, Kandahar  
(USAID/ASMED)**

## PROGRAM COMPONENT 2:

# BUSINESS DEVELOPMENT & MANAGEMENT SKILLS

## FIELD ACTIVITIES – NATIONWIDE

### BDS Sector Survey

In March 2009, the ASMED BDS department began the process of surveying business service providers (BSPs) operating in Afghanistan in order to develop a “BDS Sector Directory” to be shared with AISA, ACCI, and other organizations operating in private sector development.

This survey has identified and registered 653 BSPs to date. Eighty BSPs have been identified in the Western region (Herat, Badghis, Ghor and Farah), 235 in the central region (Kabul) and 338 in the south (Day Kundi, Hilmand, Kandahar, Nimroz, Uruzgan, Zabul).

## FIELD ACTIVITIES – CENTRAL

### BDS Sector Survey

As part of its nationwide survey of BDS firms, ASMED partner, the Fazilat Consulting Group, has identified 235 BSPs operating in Kabul. These comprise of 52 consulting companies, 8 translation services providers, 6 media service providers, 29 Legal firms that provides legal support for private companies, 48 printing presses, 18 internet service firms developing professional websites for market development purposes, 37 firms providing secure storage facilities for imported goods, 4 firms providing construction materials testing facilities, and 33 goods transportation firms.



**Planning the BDS Sector Survey, Kabul(USAID/ASMED)**

### Business Skills Training for 80 TMF Students

ASMED partner, Competency Based Economics through Formation of Enterprise and Entrepreneurship Skills Development Centre (CEFE-ESDC), is conducting business development courses for 80 students of calligraphy, carpentry, art and pottery at the Turquoise Mountain Foundation (TMF). The training program is designed to assist the trainees in starting their own businesses. It covers 4 different modules of Business Planning, Marketing, Accounting and Finance. Based on the students' levels of understanding, CEFE-ESDC has divided participants into eight groups and developed the training materials and training methodology according to their levels of education and understanding. This 12 month training is in the final stage of completion and will end in January, 2010

The division of groups and their subject are as follows:

No	Groups	Modules Taught	No of Students
1	Carpentry First Group	Marketing and Business Planning	8
2	Carpentry Second Group	Business Planning, Marketing and Financial Management	12
3	Ceramics First Group	Marketing and Business Planning	4
4	Ceramics Second Group	Financial and Marketing Management	6

5	Jewelry First Group	Marketing and Business Planning	11
6	Jewelry Second Group	Accounting, Marketing and Financial Management	15
7	Calligraphy First Group	Marketing Management and Business Planning	14
8	Calligraphy Second Group	Accounting, Marketing and General Management	10

### Microsoft Certification Training

Since July 2009, ASMED has been supporting 5 employees of national and international firms in Microsoft Certified System Engineering (MCSE) training as a way of increasing IT capacity in Afghanistan. The training continued this quarter with participants successfully completing exams in Windows XP Professional 70- 270, Windows Server 2003 environment 70-290, Windows Server 2003 Network Infrastructure 70- 291, Windows Server 2003 Network Infrastructure 70-293, and Windows Server 2003 Active Directory Network Infrastructure 70-294.

The trainees are now studying for their sixth exam in Internet Security Acceleration. This training will be completed on January 15, 2010 with the final examination will take place at the end of February.



**MCSE training, Kabul  
(USAID/ASMED)**

## FIELD ACTIVITIES – EAST

### Refurbishment of BBA Faculty Office, Nangarhar University

With ASMED's technical and financial support, the first BBA program was initiated at the Economics Faculty of Nangarhar University in September 2007, and accredited by the Ministry of Higher Education in 2008. The first class of 80 students graduated in August 2009. Two other classes are currently in progress.

As part of its support to the BBA department of Nangarhar University, this quarter ASMED provided the faculty office with basic office equipment (computer, printer, scanner, cabinets and office files).

### Business Development Center, Jalalabad

The Business Development Center (BDC) is a business incubator located in Jalalabad that is home to a number of different Afghan business development companies assisting local SMEs in writing business plans, securing loans, winning grants, and developing better business practices.

ASMED supported the BDC's establishment through a grant and partial cost sharing with the goal of helping the BDC attain sustainability. The management and individual members of the BDC have benefited from financial support while learning to manage their respective service practices. ASMED has now closed out its support for this project and is confident of the future success of its beneficiaries.



**ASMED hands over new equipment to  
Chancellor Saber of Nangarhar  
University, Jalalabad  
(USAID/ASMED)**



## **BBA Teacher Training, Nangarhar University**

In December 2009, 8 instructors from the Economics Faculty of Nangarhar University completed training in 4 BBA business subjects: E-commerce, Financial Management, Total Quality Management and Statistics. This training was conducted by Khorasan University and will enable the instructors to teach these subjects as part of the BBA program initiated with the technical and financial assistance of ASMED East and accredited by the Ministry of Higher Education at Nangarhar University.

## **Handicraft Training in Jalalabad**

During this quarter, through its partner, the Afghan Women's Social and Business Development Association (AWSBDA), ASMED held 2 handicrafts trainings for 40 women. The first training was delivered from September 25 to October 10, and the second from October 10 to December 25. During the six-week training, the women learned both business management and technical handicraft skills, assisting them in establishing their own SMEs in Nangarhar province.



**Handicraft training for AWSBDA,  
Jalalabad,  
(USAID/ASMED)**

## **FIELD ACTIVITIES – WEST**

### **Accountancy Training for Construction Companies, Herat**

On 19 October, the accounting staff from 20 leading construction companies in Herat completed a 20 day part-time training program in Accounting for Construction Contracts. The course, conducted by a local private-sector educational institute and specifically designed to introduce international standards (IAS 2) of accounting in construction projects, enhanced the operations of these companies and their ability to compete with international firms in bidding for larger construction projects.

## **FIELD ACTIVITIES – NORTH**

### **Development of Marketing Strategy for Baghlan Cement Factory, Baghlan**

Following a request from the Baghlan Cement Factory in Pul-i-khumri, ASMED sub-contracted a local BDS firm, Beacon BDS Company, to develop a Marketing Strategy Plan for the factory. Although the factory's products had once been in high demand, the destruction of machinery and the decline in the local market during the war had negatively impacted the output of this once lucrative business. With a new market strategy, the company will be able to promote and advertise its product successfully and regain its market share.

On 31 December, Beacon submitted 4 reports to ASMED: (i) The current status of the Baghlan Cement Factory, (ii) a survey of cement demand in the northern region, (iii) marketing tools in Afghanistan, and (iv) a Marketing Strategy Plan.

### **Business Accounting Training for Jawzjan CCI, Sherberghan**

On 24 October, ASMED, in partnership with Ahmadi BDS Company, launched a 39 day training program in business accounting and a 26 day training program in marketing in Sheberghan, Jawzjan province. 25 SMEs, members of the Jawzjan Chamber of Commerce and Industry (CCI), participated. Both trainings were developed at the request of the Jawzjan CCI.



## **Accounting and Management Training Courses for Textile Factory Staff, Baghlan**

Following a request from the USAID Baghlan Field Program Officer, ASMED selected Azar BDS training for administrative staff at the Baghlan Textile Factory, Baghlan Company to conduct training courses for 25 administrative staff (including 8 women) of the Baghlan Textile Factory. This training began on 22 November and is providing staff with practical knowledge on basic accounting and fundamentals of management. The training is ongoing and will be completed in the next quarter.

### **Business Accounting Training in Mazar-i-Sharif, Balkh province**

On 29 October, Ofoq Aria BDS Company, with technical assistance from ASMED, delivered a 52 day Business Accounting Training in Mazar-i-Sharif. Participants were from 25 different SMEs in Mazar-i-Sharif city. The trainees were introduced to standard business accounting procedures that will assist them in developing their financial management systems.



**Management and Accountancy Training for Baghlan Textile Factory (USAID/ASMED)**

### **Business Accounting Training for Women Entrepreneurs in Maimana, Faryab province**

On 24 October, in partnership with Asia International Company, ASMED began a 39 day business and marketing training for 25 women entrepreneurs in Maimana, Faryab province. The training ended on 22 November 2009.

## **FIELD ACTIVITIES – SOUTH**

### **Kandahar Local Business Directory**

The compilation of the “Building Kandahar Local Business Directory” has been completed by Afghan Innovative Consulting Bureau. The directory includes information on approximately 3,000 SMEs in the region and will be published in both Pashto and English. ASMED has issued an RFP for an initial print run of 1,000.

The directory will be made available through the Afghanistan Chamber of Commerce and Industries (ACCI), Afghanistan Investment Support Agency (AISA), Ministry of Commerce, and local business associations. The contact information in the directory will be widely circulated, and will promote increased business to business activity for Kandahar SMEs both locally and nationally.



**Business accounting training for women entrepreneurs, Maimana, Faryab (USAID/ASMED)**

### **Business Development Trainings, Arghandab district, Kandahar province**

ASMED, in partnership with HUDO, completed 3 business development trainings for 20 women SMEs in the Arghandab district of Kandahar province on 29 October, 2009. Subject areas covered included Basic Business Accounting, Business Management and Business Marketing

The 27 day trainings were for women-managed handicrafts businesses and small mobile boutiques which operate in local villages. Evaluations by both HUDO and ASMED verified that the SMEs are using their new skills in the day to day operation of their businesses. The training has also enabled the women to improve the quality of their products and increase their clientele.

## **Concept Paper, Proposal and Business Plan Writing Training, Kandahar**

In November and December, ASMED delivered Concept Paper, Proposal and Business Plan Writing training for 28 participants from local BDS firms, the Afghanistan Investment Support Agency (AISA), the Afghanistan Chamber of Commerce and Industries (ACCI) and business associations in Kandahar city. This 24 day training, in partnership with CEFE-ESDC, assisted participants in writing and preparing concept papers, proposals and business plans for their clients.

### **Business Development Survey Completed in the South**

ASMED successfully completed the southern component of its nationwide BDS Sectoral Survey in the 7 major cities of Kandahar, Zabul, Helmand, Nimroz, Uruzgan and Dai Kundi provinces. The survey, conducted in partnership with Afghan Innovative Consulting Bureau, surveyed 333 BDS firms in the region. Despite security risks in areas such as Grishk, Lashkergah and Tirin Kot, the process was completed and more firms were surveyed than expected. The data collected will form part of the “BDS Sector Directory” to be published by ASMED in 2010.



**Concept Paper, Proposal and Business Plan Writing Training, Kandahar (USAID/ASMED)**

### **Preparation of Financial Documents and Office Management Training, Kandahar**

On November 16, ASMED, in partnership with Afghan Innovative Consulting Bureau (AICB), delivered a three day training in office management and the preparation of financial documents for 20 participants from construction companies based in Kandahar city. This training, requested by the Kandahar Department of Economics, was designed to assist those firms who work with the Departments of Economics and Finance, Afghanistan Investment Support Agency (AISA) and other governmental agencies but who had experienced problems in preparing the required financial documentation and reports for these offices. Before beginning the training, AICB conducted a needs assessment of construction firms working with these departments, and agencies and developed a training curriculum designed to suit their needs.

### **First ever business development trainings in Qalat City, Zabul province**

ASMED, in partnership with Hewad United Development Organization (HUDO) and Qalat City Municipality, successfully completed the first ever business development trainings in Qalat city. The 20 day trainings in Business Basic Accounting, Business Management and Marketing were for 60 participants from local SMEs.

This training introduced new methods of accounting, improved SME management, new techniques for finding better marketing opportunities, and tips on how to provide quality products and satisfy client demand. A final evaluation by HUDO found that verified that participants are now using the new skills learned in running their businesses.

### **Development Trainings for Women in Dand District, Kandahar**

ASMED, in partnership with Advanced Business Consultancy (ABC), began Business Basic Accounting, Business Management and Marketing Trainings for 40 women SMEs in the Dand district of Kandahar Province. The trainings began on 26 December and will continue for 27 days. This training will familiarize the women with modern accounting and marketing techniques, improving their overall financial management and enabling them to effectively manage their businesses, provide quality products, and increase both their clientele and profitability.



**A graduate of ASMED's first ever business training in Qalat city receives his certificate, Zabul province. (USAID/ASMED)**



## **Business Development Trainings for Women, Kandahar**

ASMED, in partnership with Afghan Innovative Consulting Bureau (AICB), delivered Business Basic Accounting, Business Management and Marketing Training for 40 women SMEs in Kandahar city. The training was completed on December 19. Participants learned new methods of accounting, marketing and effective SME management including how to increase their profitability and prevent loss. This training offered considerable support to women-owned and run businesses in the region and paved the way for more women to start their own businesses. Evaluations of the training confirmed that women are practicing the new techniques and methods.



**Business development training  
graduation ceremony in Kandahar  
city, Kandahar province.  
(USAID/ASMED)**

## PROGRAM COMPONENT 3:

# BUSINESS ASSOCIATIONS

## FIELD ACTIVITIES – CENTRAL

### **Afghanistan Gem Cutters and Jewelry Association Selection of Board of Directors, Kabul**

With assistance from an Associations Grant from ASMED, the Gem Cutting and Jewelry Association held a roundtable in Kabul to select the association's board of Directors. 14 people attended the election on November 10. This grant will enable the association to register with the government, establish an association office, and receive management training.

Gemstones is one of ASMED's strategic sectors. This grant will assist those working in the field of gem cutting, polishing and jewelry to produce products of a higher standard, able to compete on the international level, creating new jobs and increasing incomes for the industry and the country at large.

### **Afghanistan Bankers Association Roundtable on Banking Sector Challenges, Kabul**

At the request of banking and financial services institutions operating in Afghanistan, the Afghanistan Banks Association (ABA), in collaboration with ASMED, held a seminar at the Safi Landmark Hotel in Kabul on October 21. The meeting brought together senior managers from banks and financial institutions to discuss the challenges facing their institutions. Participants included the representatives of Da Afghanistan Bank, Kabul Bank, AZIZI Bank, Aryan Bank, Bakhtar Bank, FMFB, USAID, MRRD, AREDP, ASMED, a number of Afghan consulting firms, business associations and SMEs.

Participants discussed high operating costs for banks in Afghanistan, lack of documentation of Afghan businesses, vulnerability of banks to political and security risks, the limited number of bank customers, competition among banks for existing customers rather than approaching untapped customers, and the lack of trained staff at Afghan financial institutions.

### **Access to Credit Training, Kabul**

The Afghanistan Banking Association, with assistance from ASMED, completed a 2 day Access to Credit training for 17 participants (including 2 women) from the leading commercial and governmental banks. The training took place in Kabul on November 11 and 12 and was conducted by Comprehensive Business Services.

Topics covered included access to banking services for SMEs, banking services for regional SMEs, cost benefit analysis, cash flow analysis, banking loans, SME evaluations, basic concepts of interest, market analysis and financial products, and business plans.



**Gem Cutter and Jewelry Association members vote in board members, Kabul.  
(USAID/ASMED)**



**Banking Sector Challenges roundtable, Kabul  
(USAID/ASMED)**



**Access to Credit training, Kabul  
(USAID/ASMED)**

### **Afghan Women's Business Federation Business Management Training, Kabul**

With support from ASMED, the AWBF held a 5 day business management training for 14 women from 5-9 December in Kabul. Topics included staff management, financial management, marketing planning, customer awareness, and evaluating business activities.

### **Afghanistan Builders' Association Conference, Kabul**

With assistance from ASMED, the Afghanistan Builders' Association held a roundtable for 50 participants in Kabul on December 21. Representatives from the Ministry of Urban Development, the Ministry of Public Works, the Afghanistan National Standardization Authority (ANSA), Kabul Municipality, Kabul University's Faculty of Engineering, the ACCI, other organizations and SMEs involved in construction attended. The conference participants discussed key concerns of the sector including building codes, knowledge sharing within the industry, advocacy, taxation issues, tools and resources.

## **FIELD ACTIVITIES - EAST**

### **Afghan Carpet Exporter Guild, Jalalabad**

ASMED is assisting displaced Afghan carpet traders that moved to Peshawar over the years of conflict to relocate to Jalalabad. In coordination with the Afghan Carpet Exporter Guild, the project identified 108 Peshawar-based Afghan carpet traders willing to move back to Jalalabad. Through discussions with these traders, ASMED designed a grant to help them move their operations to Jalalabad and establish a carpet training center there.

ASMED has identified a brand new market place to house these businesses which will create hundreds of direct and thousands of indirect job opportunities for people of the region. Through reviving carpet trading in the East and establishing services providers in the value chain, including wool spinning and dyeing, a carpet design center, and carpet cut and wash facilities, this activity will be one of several geared to re-establishing high value carpet production traditions in Afghanistan.

As an incentive to relocate to Jalalabad, ASMED is providing the Guild with office furnishing, a contribution towards the transportation costs and temporary storage of carpets and equipment from Peshawar, a comprehensive B2B website, business management and advisory services, and international marketing support.

### **Nangarhar Seed Producer and Wholesaler Association, Jalalabad**

The Nangarhar Seed Producer and Wholesaler Association held its board meeting on December 14 to discuss plans for the coming year. The association will produce 1,500 metric tons of improved wheat seed in 2010, an increase from the 1,200 metric tons sold in 2009 to the Jalalabad PRT and the Ministry of Agriculture. Based on this success, plans are now underway to produce improved rice and maize seed that will not only increase production but will also create further job opportunities.

ASMED has supported the association with a seed storage facility and office space in the Nangarhar association incubator, assisting it in developing business and increasing production.



**Nangarhar Seed Producer Association  
board meeting, Jalalabad  
(USAID/ASMED)**

### **Nangarhar Beekeepers' Association, Nangarhar**

In May 2009, the Nangarhar Beekeepers Association worked with ASMED to open the first honey processing and packaging facility in the Eastern Region, establishing a small business called Season Honey. The new processing facility had an immediate impact on the development of the beekeeping sector as it allowed beekeepers throughout the Eastern Region to sell their honey locally for the first time. The ability to sell

processed and packaged honey domestically, as opposed to selling unprocessed honey to Pakistan for processing, enabled local beekeepers to increase their profits by \$0.60 per kilo of processed honey sold.

This quarter, Season Honey processed, packaged and sold over 6,000 kg of honey. The figure is still short of maximum production but the company is working with the association to increase output, and to access short term working capital for the purchase of increased volumes of raw honey from producers during peak production periods. Currently, Season Honey is focusing sales on supermarkets in Kabul but would like to extend distribution to cities in other parts of the country.

### **Season Honey Site Visit, Nangarhar**

On 2 December, the ASMED Regional Manager for the East led a site visit to the Nangarhar Beekeeping Association honey processing plant for members from the Kunar Agribusiness Development Team (ADT). The Regional Manager was also joined by the USAID FPO from Nangarhar and the Economic Advisor to Regional Command East. The site visit provided a unique opportunity for members of the Kunar ADT to learn how to design value added production facilities in conjunction with associations.

### **Inauguration of Laghman Association Incubator, Laghman**

Following the success of the Nangarhar Association Incubator, ASMED signed an MOU with the Directorate of Agriculture for Laghman Province in August to establish an associations incubator in one of the Directorate's offices. This incubator houses 5 agribusiness associations: the Laghman Beekeeper Association, Laghman Fish Producer Association, Laghman Nursery Grower Association, Laghman Seed Producer Association and the Laghman Fruit and Vegetable Wholesaler Association were given office space and a shared meeting room.

The Laghman Association Incubator opened in October and has helped the associations attract new members, conduct training sessions and hold conferences. Without office space and a proper training facility, these groups were unable to conduct meetings and attract funds for trainings. The incubator has helped solve both of these problems, which has put the associations on a path towards self-sustainability. In the long term, the increased activity and prominence of these associations will aid in the overall growth of the Laghman business community.

## **FIELD ACTIVITIES – WEST**

### **Marketing and Design Training for Garment Producers**

From December 19 - 21, 25 female garment producers, all members of the Tahmina Social and Industrial Association, participated in a Marketing and Design training course supported by ASMED. The training was conducted by an experienced trainer - contracted by the association - to teach techniques for developing new designs (with the use of new color blends) which can compete against imported goods. It is expected that the producers will be able introduce new designs into their own work in the near future.

### **Durokshan Carpet Weavers Association, Badghis**

During the reporting period, ASMED assisted the Durokshan Carpet Weavers Association of Badghis Province in officially registering with the Ministry of Justice as a business association with 1,400 (1,391 female) members. In addition the association has been awarded a grant which, in the New Year, will enable them to introduce new technologies, purchase new looms, and conduct skills training.



**Marketing and Design training,  
Herat  
(USAID/ASMED)**



### **The Tahmina Industrial and Cultural Association of Herat province**

This quarter, ASMED supported the Tahmina Industrial and Cultural Association of Herat Province to register with the Ministry of Justice as a business association with 500 (430 Female) members. ASMED also awarded the association a grant to conduct trainings which will enable them to introduce new marketing materials for their membership.

ASMED supported one member of the association to attend the India International Trade Fair, held in Delhi from the November 14 - 17. This opportunity for the association to market its goods internationally resulted in \$2,000 of actual sales and the establishment of new market linkages which should result in future orders.

### **The Women's Saffron Association of Ghoryan District, Herat**

ASMED supported the Women's Saffron Association of Ghoryan District, Herat province to officially register with the Ministry of Justice as a business association with 72 (70 female) members. ASMED also awarded the association a grant to introduce new equipment and packaging. The grant will also support new the production of marketing materials, and enable the association to conduct a production training program for their membership.

### **The Turkmen Carpet Weavers Association, Herat**

ASMED supported the Turkmen Carpet Weavers Association to develop a plan for producing an association website. Once developed, the website will assist the association in marketing their products internationally. In addition to this, ASMED facilitated several meetings between the association membership and yarn producers, to help the association purchase inputs directly from producers. This will increase the profitability of association members.

### **Carpet Technology and Design Training, Zinda-jan district, Herat**

On November 12, 15 female carpet weavers from the Zinda-Jan district of Herat province completed a 3 month training in rug weaving. The course was delivered by the Asia Foundation with ASMED support and introduced improved production techniques and new 'Tableau' designs to the participants. The trainees have begun to introduce these new fashion designs into their product ranges, enhancing the profitability of their individual enterprises.

## **FIELD ACTIVITIES – NORTH**

### **Roundtable Meeting for Women Entrepreneurs, Mazar-i-Sharif**

On October 22, ASMED, in partnership with Balkh BDS, held a roundtable meeting for women entrepreneurs in Mazar-i-sharif. A total of 20 women entrepreneurs participated, forming the Women's World Association (WWA) and electing a board of directors. On October 24, the Board selected the chair, deputy chair and secretary of the association. The WWA will start their businesses in the Mazar Women's Market with a grant from ASMED.



**Roundtable for women entrepreneurs,  
Mazar-i-Sharif  
ASMED/USAID**

## **FIELD ACTIVITIES – SOUTH**

### **Afghanistan Chamber of Commerce and Industries, Kandahar city, Kandahar**

Following a suicide attack which destroyed much of the Afghanistan Chamber of Commerce and Industries' offices in Kandahar, in November, ASMED provided the association with replacement equipment. The equipment – office furnishings, computer, projector and software - were provided to help the ACCI continue service deliveries to its members. ASMED is also helping the ACCI to provide business development trainings to key members.

## PROGRAM COMPONENT 4:

# GLOBAL DEVELOPMENT ALLIANCES AND GRANTS

## Global Development Alliances (GDAs)

This quarter has been an extraordinarily successful one for ASMED's GDA department. ASMED concluded an additional 17 DGA agreements with a value of over \$4million in a little over three months. GDAs were approved and contracted for Candy Productions, Light Up Jalalabad, Chesht Marble Processing, Low Cost Pharma, the Moscow Trade Fair, Improved Techniques and Equipment for the Gemstone Sector, Salt Extraction and Processing Improvement, Wool Dyeing and Spinning, and Takhat Marble Mining Improvement.

### GDAs Approved and Contracted This Quarter

#### Low-Cost Pharma – Kabul, and nationwide

The objective of this GDA is to analyze the current situation the pharmaceutical sector in Afghanistan, meeting with key stakeholders and selected pharmaceutical entrepreneurs and then create a new Afghan pharmaceutical business in partnership with MedPlus India, a pioneer in low cost retail franchising, or another partner TBD, to provide low cost, high quality pharmaceuticals to Afghanistan.

Local partner KIPS Pharmaceuticals, the first ISO 9000 certified Afghan pharmaceutical manufacturer and wholesaler, with experience in procurement, logistics and sales and marketing, is expected to invest in this opportunity and partner to create a major new enterprise that will have a significant social impact and become the leader in the estimated \$300 million plus market for pharmaceutical and medical supplies. This GDA is expected to create 150 jobs and bring economic benefits to Afghan households by providing high quality medicine at a lower cost.

This quarter, funding was disbursed to start the market assessment, to be prepared by Access Health, an India based health sector consultancy. The consultant is scheduled to visit Afghanistan in January 2010.

#### Moscow Trade Fair - International

The First Moscow Fair of Afghan Products, the first of its kind in Moscow, was held from 9 - 14 December 2009, exhibiting dried and fresh fruits, carpets, handicrafts, marbles and precious and semi precious stones. (See Component 1: Market Information)

### Update on Existing GDAs

#### Women's Public Call Offices (WPCOs)

In partnership with Roshan Social Programs, the WPCO program provides Afghan women across the country with the ability to start and run home-based businesses and provides access to telecommunication services for women. Various NGOs and micro finance institutions are also involved. Since the beginning of this GDA in 2008, the project has met a few challenges with recruiting women, with WPCOs registered to women being run by men, and quality issues with the hand set. ASMED has worked with Roshan to successfully address these problems, and to date 72 WPCOs have been established throughout the country (Badakhshan 12, Nangarhar 5, Baghlan 10, Balkh 5, Kunduz 2, Kabul 37, Herat 1).

In coordination with ASMED, the GDA partners have put in place a rigid monitoring process to ensure that the businesses are operated by women. The aim is to focus on the quality of the project whereby its benefits

go to women, as the main goal of the GDA is to help women earn an income. The activity focus is primarily on the quality of the operators and not the quantity.

Current partners in this GDA include Afghan Aid (Ghor, Samangan, Badakshan), Voice of Women Organization (Herat), Welfare and Development Organization of Afghanistan (Herat), Ariana Financial Services (Kabul), Children in Crisis, and First Micro Finance Bank (all locations).

Women for Women International is currently doing a survey in Mazar-i-sharif to explore the possibility of finding women to join the project. Afghan Women Resource Center is deciding if they are able to help with recruiting women for the project. A number of other NGOs are being enlisted to support this activity in an effort to ensure that the WPCO works directly with marginalized women who can benefit from the project.

Interested women must be fully trained before they can join the project. Once the training has been completed, the women submit verification forms in order to be considered. A training session was conducted in November for women identified by Children in Crisis.

### **Remote HydroLight (RHL)**

A Kaplan turbine generates electricity from slower rivers, as opposed to a Crossflow turbine which is well suited to smaller, faster flowing streams. This GDA aims to support the creation of a Kaplan-style turbine that can be manufactured locally in Afghanistan and produced and installed by existing local SMEs. Remote Hydrolight (RHL), the private sector partner, has been operating in Afghanistan for the past 14 years and has enabled the production and installation of over 1,000 microhydro dams across the country, nearly all in rural areas without access to grid power, by developing and training SMEs to build and install Crossflow turbines.

The prototype Kaplan water turbine is currently being built on the Istalif River, approximately 50km outside Kabul. The turbine has been installed, the construction of the power room completed as well as the water reserve above the site. Testing is planned to take place within the next month.



**Prototype Kaplan water turbine  
installed on the Istalif river  
(USAID/ASMED)**

By developing a prototype for a Kaplan-style turbine that can be locally made, this GDA will not only provide employment by supporting the creation of new SMEs to produce the Kaplan turbine, it will also help connect a new segment of the population in the East, South and South-West of the country where rivers are larger and slower so not well suited to Crossflow turbines, to a new source of renewable energy.

### **Afghan EarthWorks (AEW)**

Afghan EarthWorks is a new Afghan enterprise building prototype low-cost housing designed to be both earthquake resistant and improve on traditional housing options for the many refugees now living in the country's east. ASMED partners in this GDA include the U.N, the Nangahrar PRT, and the Turquoise Mountain Foundation.

In December, AEW completed the groundwork for the first prototype. AEW has also completed the retaining wall and ground drain, as well as the steel reinforcement foundations. Work on the insulated cavity walls will commence shortly. Double glazed windows and the light weight steel trusses have been made.

## **GDAs Closed This Quarter**

### **Tolo TV Entrepreneur Series *Dream and Achieve***

The final of the second season of *Dream and Achieve* was recorded in front of a live audience at the Kabul Serena Hotel on October 24 and aired across the country on Tolo TV the following night.

This season's overall winner was Mr. Abdel Basear, an entrepreneur from Herat whose wheat cutting machine earned him a 1 million Afs (\$20,000) prize. Second place went to the maker of a brick processing machine, while third place was awarded to the maker of a series of CDs designed to assist in the education of the blind.

*Dream and Achieve* was a tremendously successful collaboration between ASMED and Tolo TV, inspiring entrepreneurialism and providing basic business skills education to viewers. The program taping was attended by a number of VIP guests including Mr. John Irons, the Director of the Office of Economic Growth at USAID Afghanistan, representatives from the Ministry of Commerce and Industry, the Ministry of Finance, the Afghan Parliament, the Afghan Chamber of Commerce and Industry, and the Afghanistan Bankers and Builders Association. Leading Afghan business consulting firms and associations were also in attendance.

### **Silk Value Chain Improvements**

This GDA improved the capacity of three Afghan businesses in all links of the silk value chain, from raw silk production to international market linkages by providing training and resources to ensure high quality production, branding and marketing, and strengthening silk production and exports. Each partner company (Zarif, Saleh, and Azana) increased their sales significantly, and have submitted final close-out reports.



**Dream and Achieve finalists, Kabul (USAID/ASMED)**

## **FIELD ACTIVITIES - EAST**

### **Marble Mining Merkahal, Nangarhar**

This GDA, in partnership with a Norwegian investor, will support the establishment of a new marble quarry in Nangarhar province. Today, most quarrying operations are conducted by blasting with dynamite, a process which yields irregularly shaped pieces of stone which are difficult to process, contain many fractures, and which create much waste. The production of good quality blocks without cracks is the basis of starting a successful processing and building materials industry. The Norwegian investor will provide improved equipment and highly skilled trainers from the natural stone business in Norway to train the local workforce in marble extraction. This GDA will fund the purchase of new equipment and result in the creation of 20 direct and 50 indirect jobs. This GDA was approved by USAID in November. ASMED is currently in the process negotiating with a local partner and finalizing a deliverables schedule.

### **Improved Techniques and Equipment for the Gemstone Sector, Jalalabad**

This GDA will support the development of a gemstone cutting facility in Jalalabad and will include the financing of equipment, the training of workers on productive and efficient mining techniques, gemology, and marketing, as well as preparing them for participation in trade fairs. ASMED support through this GDA includes equipment and training to transfer to local industry the skills required to cut and polish locally sourced gemstones. This GDA will create 80 direct jobs. This quarter, funding was disbursed for cutting and polishing equipment sourced from India.

### **Light up Jalalabad, Jalalabad**

This GDA will provide computer labs with internet access to Nangarhar University, the Nangarhar College of Education, Nangarhar Hospital and the Nangarhar Medical School, and support the establishment of an internet café for use by local SMEs. This project, a partnership between the Rotary Club of San Diego, NATO, Afghan Telecom, Nangarhar University and Ariana Technology, will improve connectivity to these institutions as well as local SMEs. This quarter, \$70,000 was disbursed to initiate the connectivity of schools in Jalalabad.



## **Pathology Lab, Jalalabad**

This partnership brings together ASMED, Dr. Arturo Mendoza, the Medical Director of the SHARP Mary Birch Pathology laboratory based in San Diego, with a local partner, and Mughal Khan Memorial Hospital

to build a private pathology lab in Jalalabad. SHARP will send a technician from San Diego every 3-4 months to train and assist the laboratory staff while ASMED will provide funding for some of the laboratory equipment, transportation and accommodation for SHARP staff, and the oversight of the laboratory on behalf of SHARP. In addition to creating 5 direct jobs, this GDA will impact the larger, regional community and fill an urgent need in Afghanistan's health sector for a laboratory that can provide a tissue histopathology diagnosis in timely and accurate fashion. The GDA will be contracted in January 2010.

## **FIELD ACTIVITIES – NORTH**

### **Sadat Tomato Paste Production Company, Balkh**

This GDA will assist the company increase its daily production capacity, enabling it to produce more paste in the off season, thus supporting local farmers and meeting the demands of the local market.

This GDA was approved in August but implementation was delayed while environmental issues were cleared. Following the green light in October, ASMED signed a contract, prepared the payment schedule and deliverables, and collected quotations. After processing all necessary documents, the company received the first installment on December 2. This will pay for the construction of a cold storage facility which will increase the stock of pure processed from local tomatoes. Quotes have been received, a company selected and construction began in December



**Construction at the Sadat Tomato Paste Company, Balkh province (ASMED/USAID)**

### **Waste Wool Spinning and Reprocessing, Baghlan**

This GDA addresses a key gap in the Afghan carpet production value chain - the need for pure woolen yarns suitable for carpet production - and builds valuable linkages to other companies by purchasing waste wool and reprocessing it into usable woolen yarns. Through this GDA, Nomad Carpet Weaving Ltd. will buy a complete spinning mill from Belgium and reinstall it in Baghlan province, resulting in significant employment generation for the region. This quarter, Nomad Carpet Weaving Ltd. identified equipment and is currently in the process of procuring it.

### **Wool Dyeing and Spinning, Mazar-i-Sharif, Balkh**

In the last 30 years, Afghanistan lost much of its wool production sector to neighboring Pakistan. This GDA will support the expansion of the Haji Abdul Rahman Wool Dyeing and Spinning Company's business operations, facilitating the reduction of the country's dependence on imported wool yarns. The GDA will fund a warehouse and new equipment for wool dyeing and spinning as well as BDS services for training in business, finance and marketing. This partnership, between ASMED and Haji Abdul Rahman Wool Dyeing and Spinning Company, will create 100 approximately direct and 500 indirect jobs.

This GDA was approved in November, a contract has been signed and the partner is currently in the process of identifying the required machinery. The first installment will be made next quarter, when the equipment is imported from



**Haji Abdul Rahman Wool Dyeing and Spinning Company, Mazar-i-Sharif (USAID/ASMED)**

Pakistan. The new equipment will allow the company to begin dyeing wool on a commercial scale.

### **Takht Marble Mining Improvement, Samangan**

This GDA will facilitate badly needed investment in modern equipment at the Takht Marble Mining Company in Samangan Province. New assistance will help the company increase the quality and output of its product to better meet local demand. The quarry extracts marble by blasting, producing unnecessary wastage. This GDA will fund the purchasing of diamond wire saws to cut the marble into blocks. In doing so, the percentage of wastage will be decreased from 75% to 5%.

Under this GDA, ASMED will provide financing for the purchase and installation of the new equipment as well as training in improved administrative and financial systems. This partnership will create 20 direct and 50 indirect jobs.

This GDA was approved on December 10. ASMED signed a contract, prepared the payment schedule and deliverables and collected quotations. The first installment will be made next quarter when the equipment requested (diamond saw wire) will be imported from Pakistan. The new equipment will allow the company to stop blast mining and extract clean blocks with minimal wastage.



**Takht Marble Mining quarry,  
Samangan  
(USAID/ASMED)**

### **Shadmerh Candy Production Company, Mazar-i-Sharif**

This partnership between ASMED and the candy company will support the purchase of equipment and training to increase the company's production capacity. In addition to direct support for the firm, which currently employs 60 workers, this partnership is expected to create 110 new jobs and 300 indirect jobs.

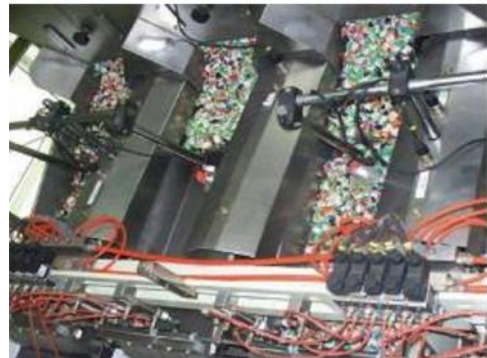
This GDA was approved in September but the implementation delayed due to environmental impact assessment issues which were cleared in October. This quarter, equipment was identified in China and procurement began.

### **Salt Extraction and Processing Improvements, Mazar-i-Sharif**

The Pamir Belwar Salt Extraction/Processing Company is building the only facility in Afghanistan capable of producing iodine salt on a commercial scale. This GDA was approved on November 15. ASMED has signed a contract, prepared the payment schedule and deliverables, and collected quotations. The first installment will be paid out to purchase laboratory equipment for testing iodine content in the salt.

This GDA will help the company improve both quality and efficiency, enabling it to increase its output and meet international standards to better compete with Iranian and Pakistani imports. This GDA will result in the creation of an estimated 300 direct jobs and 1000 indirect jobs.

### **Liquorice Processing and Export Association,**



**Shadmerh Candy Production  
Company, Mazar-i-sharif,  
(USAID/ASMED)**



**Pamir Salt Extraction Company,  
Mazar-i-Sharif  
(USAID/ASMED)**

## **Shortipa district, Balkh**

On November 8, ASMED signed a grant agreement with the Amo Liquorice Association to assist the association in building one storehouse and one processing unit, which will include a liquorice cutting machine and processing tools. Though this grant, liquorice traders and farmers will be encouraged to join the organization in order to increase their revenues through training in methods of increasing production, marketing techniques and increasing value addition.

## **FIELD ACTIVITIES – WEST**

### **Equity Capital Mining, Herat**

Equity Capital Mining (ECM), an Afghan owned firm with extensive experience in marble mining and exporting, is developing the potential for industrial scale marble mining in the Herat region and currently holds a 10 year lease on a large quarry site that could produce up to 1 million tons of “Chesht” white marble. “Chesht” white marble is comparable in quality and value to Carrara marble from Italy which is in high demand worldwide.

This GDA will, in part, facilitate needed investment in modern equipment from Italy that will improve the quarry’s efficiency and product quality, enabling ECM to increase the output of a product that meets international standards. As a direct result of this GDA, the Italian equipment supplier will provide on site training for 30-plus Afghan quarry operators and their staff on equipment usage and marble extraction techniques. This quarry, with new equipment, will be the only site in Afghanistan suitable for conducting this kind of training. ECM will provide the equipment, onsite training, and housing for the Afghan trainees and Italian trainers.



In addition to loans of \$1.6million and Equity Capital’s own investment of \$8.5million, the company has also secured an additional equity investment and financing from the Overseas Private Investment Corporation (OPIC) of more than \$15.6 million to further increase production, creating an estimated 4,000 jobs in marble processing in the Herat region

### **Chesht Marble Processing, Herat**

This GDA will assist in the establishment of a marble processing plant in Herat. ASMED will contribute to the purchase of a processing line capable of producing high quality finished marble quality tile, slabs, and cladding that meet international standards and assist in building the brand name for Afghan marble. This GDA will create 129 direct and 400 indirect jobs.

This quarter, \$400,000 was disbursed to purchase the equipment from the Italian supplier. Chest Marble Processing is expected to be operational by the end of March in preparation for the ASMED International Marble Conference taking place in Herat in April, 2010.

### **Development of New GDAs**

To support the development of new GDAs in the western region, ASMED contracted the services of a local business service provider to identify eight regional businesses with significant partnership potential. The BSP further supported the following companies to produce GDA concepts that have been submitted to the ASMED Herat office for further development:

1. Herat Ice cream
2. Herat Dairy
3. Mozghan food industries

4. New Mobarak industries
5. Bano Food Production
6. Gholchin Tomato Past Company
7. Baharan Mushroom Production Company
8. Ayubi Industrial Poultry Company

## Grants

In this quarter, ASMED's Grants team processed 24 grants, up from an average of 16 grants per quarter in the base period. New processing systems and controls made it possible to process a greater volume of activities while improving oversight and compliance resulting in the average value of grants increasing from \$31,000 to \$57,000.

## FIELD ACTIVITIES – CENTRAL

### Training for Gem Cutters in Madagascar

With ASMED's assistance, 3 members of the Afghanistan Gem Cutters and Jewelers Association began a 3 month "Train the Trainer" course in gem cutting and polishing at the Institute de Gemmologie de Madagascar in Antananarivo, Madagascar. On their return to Kabul in January 2010, the trainees will pass on their newly acquired skills to other members of the association to bring their products to international standards.

### Afghan Carpet Exporters Guild, Kabul

This Association Development Grant was approved in November. The Afghan Carpet Exporters Guild (ACEG) was established in 1967, focusing on export support and market promotion of carpet and kilims. The current primary activity of ACEG is pre-export valuation and certification of carpet and kilims sent from Afghanistan to other countries.

This grant serves the market promotion for the carpet sector. The grant will fund an exhibition space and transport of carpets for a delegation of 21 Afghan carpet producers to attend the Domotex 2010 Hanover Germany Carpet Exhibition, the largest floor covering show in the world. In addition, a matchmaking event will support international market linkages between foreign carpet buyers and Afghan carpet dealers. To promote the Afghan carpet at the fair, a Carpet Buyers Guide will be distributed to the international buyers.

Preparations are underway for the Domotex Carpet Show in Hanover Germany in January 2010. Carpets have been shipped, a Carpet Buyers Guide produced. The trade fair participants are in process of getting their visas for Germany. (See Component 1: Market Information)

## FIELD ACTIVITIES – EAST

### Marketplace Development Grants

Marketplace construction completed this quarter:

1. Nurgram (market stalls), Laghman province
2. Deh Bala (flour mill), Nangarhar province

Marketplaces under construction:

1. Qala-e-Najil, Laghman province (construction suspended due to insecurity)
2. Dari Noor (MHP), Nangarhar province



3. Noorgul, Kunar province
4. Kama, Nangarhar province
5. Behsud, Nangarhar province

Marketplaces in the pipeline:

1. Mohmandara, Nangarhar province
2. Achin, Nangarhar province
3. Sherzad (MHP), Nangarhar province
4. Dehbala (MHP), Nangarhar province
5. Ghanikhail, Nangarhar province (site surveyed, location selected)
6. Dehbala (flour mill), Nangarhar province

Note:

The 3 MDGs marked “MHP” above will have access to micro hydro power. ASMED is committed to developing businesses and marketplaces around areas where mid/large size MHP facilities have already been built as the most effective way to stimulate the local economy. Creating marketplaces with access to MHP power will allow shop owners to expand their product line and permit the sale of perishable food items.

The 2 MDGs marked “flour mill” are establishing flour mills in the center of the town markets as many rural villages do not have flourmills and farmers have to walk long distances on foot to sell their flour. With privately owned flour mills, farmers usually pay the owner of the flour mill one kilo of their wheat for every 7 kilos they have milled. Under the new arrangement, the flour mills supported by ASMED have agreed to charge no more than 500 grams of wheat for every 7 kilos milled. The project will increase both the profits of wheat farmers and the availability of flour for local consumers. The mills will be maintained by the local shuras.

## Value Chain Improvement Grants

### Gemstone Market Opens in Jalalabad

On November 14, the gemstone bazaar opened in Jalalabad with the assistance of an ASMED Value Chain Improvement Grant. At the opening ceremony attended by over 200 people, the Governor of Nangarhar, Mr. Gul Agha Sherzai, thanked USAID and said he hoped the market would provide job opportunities for the people of Jalalabad. Haji Abdul Ghafour Shafaq, Director of the Nuristani Gemstone Association, thanked ASMED for helping bring the local gemstone industry national recognition. The Governors of both Nuristan and Kunar also attended. Thanking ASMED for their efforts, each spoke in support of the gemstone industry in their respective provinces and encouraged the development of a regional market.

After the ceremony at the Governor’s palace, the delegates moved to the new bazaar for a ribbon cutting ceremony and exhibition. As gemstone traders proudly exhibited their products, customers and delegates admired the impressive gem displays including the mounds of raw aqua marine, tourmaline and emeralds recently mined from the mountains of Nuristan.

The market will house over 20 gemstone trading SMEs, many of whom have recently returned from Pakistan as a result of ASMED’s assistance. Under this grant, ASMED will also provide accounting services to the traders for one year.



**Governor of Nuristan, Jamaluddin Badar, and Gemstone Association Director, Haji Ghafour, cut the ribbon in front of the new gemstone bazaar. (USAID/ASMED)**

### **The Afghan Craft Carpets Weaving and Processing Company (ACCW), Jalalabad**

In 2008, ACCW installed 2 carpet-drying machines and one carpet-washing machine, increasing the firm's processing capacity. Previously, as all carpet washing was done by hand, the firm only processed 500m<sup>2</sup> of carpet per month. ACCW routinely processes around 4000m<sup>2</sup> of carpet per month. This exponential increase in processing capacity has led to an increase in profits and has greatly benefited the local carpet sector. Previously, carpet producers had to ship their carpets to Pakistan for processing (cutting and washing) but the decrease in transportation costs, combined with the elimination of import taxes, has resulted in an estimated \$100,000 per month profit for the industry as a whole. This quarter saw further gains with 11,780 square meters of old and new carpet processed.

### **Sahil Marble, Jalalabad**

ASMED contributed to the purchase of diamond wire block-cutting machinery for the Sahil Marble Factory to extract marble in neat blocks and reduce the loss incurred during blasting, the extraction method previously employed by Sahil. The more efficient equipment has already greatly increased Sahil Marble's overall production and sales. In this quarter Sahil Marble extracted around 800 tons of marble. Most of the extracted marble was transferred from the Markekhel quarry to Sahil's factory in Jalalabad for further processing. The new processing equipment purchased by the firm has arrived in Jalalabad and is currently being installed.

### **A Sail Food Products Company (ASFPC), Jalalabad**

In August 2009, A Sail finished installing potato chip production equipment purchased by ASMED. Previously, A Sail had been producing and selling snack products made from corn flour for over 2 years. The new equipment has allowed the firm to diversify its product line by producing potato chips, and has increased overall profits for the company. Before A Sail started production, there were no domestic producers of potato chips in the country and an excess supply of potatoes that largely went to waste. The production of potato chips has also helped support potato farmers throughout the province by providing a local commercial buyer. In November, A Sail Food started full production of potato chips using the equipment provided to them by ASMED. During the last 2 months, A Sail Food used 14 metric tons of locally purchased potatoes.

### **Gulestan Essential Oil Company, Jalalabad**

Earlier this year, ASMED secured a grant to purchase rose oil distillation equipment for Gulestan Oil. The company was already distilling rose oil, but the new equipment will help the company expand production. Rose oil is a high value product and the expansion of production will not only greatly increase Gulestan's profits, but will also help support over 250 rose farmers in Nangarhar Province. This quarter, Gulestan began site preparation for the installation of the new distillation equipment scheduled to arrive in Jalalabad shortly.

### **Masroor Foods, Jalalabad**

A grant was approved in June for the purchase of new food processing equipment for Masroor Foods. The company is currently producing fruit jams and juices, and the new equipment will allow Masroor to greatly expand its production, particularly pomegranate jam for which there is a large local market. The firm intends to buy fruit from local producers, thus supporting hundreds of farmers in the province. The processing equipment arrived in the last week of December and the installation process will start in the second week of January. In preparation for its increased production capacity, Masroor Foods has purchased 140,000 bottles from the Shanghai Vista International Trade Company.

### **Tarsian and Blinkley, Jalalabad**

Tarsian and Blinkley currently operates a factory in Kabul which supplies the Afghan National Army and Police with uniforms. A grant was approved in June for the purchase of sewing equipment that will enable the company to open a similar factory in Jalalabad. The sewing equipment arrived in Jalalabad in November. Installation has been completed and operations are expected to begin in January 2010.

### **Shinwari Brothers Industrial Engineering Company, Jalalabad**

A grant was approved in June for the purchase of a cogwheel machine. Shinwari currently manufactures several different types of industrial equipment and the new machine will allow the company to manufacture cogwheels that can be sold to other manufacturing companies in the area, boosting industrial production throughout the eastern region.

In September, ASMED finalized an agreement of payment with the grantee and released the first installment of the grant to the vendor. The vendor sold out their inventory in October, delaying shipment of the equipment. The equipment is now scheduled to arrive in February.

### **Ziar Confectionary Company, Jalalabad**

The Ziar Confectionary Company currently produces several baked goods and the new equipment will allow it to produce tea biscuits for which there is a huge market in Afghanistan. A grant was approved in June for the purchase of modern processing equipment. The final agreement with the vendor, the grantee and ASMED has been signed for the procurement of machinery from China. The machinery is expected to arrive to Jalalabad in the next quarter.

## **FIELD ACTIVITIES – SOUTH**

### **Marketplace Development Grants**

#### **Installing Metal Awnings to Qalat Markets, Zabul**

On December 5, ASMED began the construction of metal awnings for 80 shops in four newly built markets in Qalat city. These awnings will protect the agricultural and food products from sunlight in summer, and rain and snow in winter. This grant is assisting existing SMEs as well as creating jobs for new traders setting up their businesses at the new markets. Temporary laboring jobs are also being created during the construction period.

#### **Construction of Shah Joy District Market, Zabul**

ASMED, in partnership with the Shah Joy district shura, local authorities and Mashallah Ibrahimi Construction Company (MICC), began the construction of the market on December 5. Through this MDG, 8 new SMEs and 24 permanent jobs will be created in one of the most insecure locations of Zabul province. Both the farmers and their customers will be able to access local agricultural products, food items and other goods in an improved market shelter, an important step in the economic development of Shah Joy.

#### **Construction of Maruf District Market, Zabul**

This quarter, the MDG for the construction of the Maruf District Market was approved by USAID and the agreement signed with the Maruf district government. With this grant, a marketplace of 5 stalls will be constructed in Maruf district, 170km from Kandahar city and in one of the most remote and least secure areas in Kandahar province. The district, surrounded by the Boldak, Shiga, and Arghistan districts of Kandahar, Zabul province and Pakistan, has a population of approximately 150,000 people. This project will create 5 SMEs, provide 12 temporary laboring jobs and 20 permanent jobs, and provide both local producers and their customers with an improved marketplace.

#### **Construction of Shah-ri Safa District Market Latrines, Zabul**

The Shah-ri Safa market is located on the Kandahar to Kabul highway, approximately 60 kilometers from Kandahar. In partnership with the local shura, ASMED recently constructed a small market in the district which has added great value in the area and has provided great convenience for the people surrounding it.

This quarter, the MDG for the construction of 10 latrines (5 female and 5 male) at the Shah-ri Safa district market was approved and a second agreement signed with the shura. These latrines will be used by marketplace vendors, visitors and highway travelers, and will improve the hygienic environment of the market and its surrounding areas. This grant will provide both temporary and long term jobs and a better

market environment for the people of Shah-ri Safa as well as travelers using the road from Kabul to Kandahar.

### **Identifying MDGs and Writing Grant Applications**

ASMED is extending its programming in the southern region but because of security and logistical issues, ASMED staff are often unable to travel across all provinces. The project has assigned the BDS firm HUDO to identify MDG opportunities across the region. Upon identification, HUDO is developing grant applications for 15 MDGs and submitting them to ASMED for approval.

## **FIELD ACTIVITIES – NORTH**

### **Marketplace Development Grants**

This quarter, ASMED completed the refurbishment or construction of new marketplaces in Kaldar (Balkh province), Charbolak, (Balkh province) Almar (Faryab province), Aqcha (Jawzjan province), and the Etefaq Market, Sheberghan (Jawzjan province). MDGs are currently under construction in Shortakzar (Balkh province), Grain Market (Sari-pul province), Grain Market (Baghlan province), and the Aybak district market (Samangan province).

Marketplace construction completed this quarter:

#### **Kaldar Market, Balkh**

This grant was completed on October 26 and the new Kaldar market was officially opened two days later. The gravelling of the market's sidewalks will enable shopkeepers to extend their opening hours and better serve the needs of the 140 local villages who rely on the market to buy and sell their produce.

#### **Charbolak Market, Balkh**

With the MDG, the Zafarkhaliq Construction Company built two deep wells in the center of the district bazaar and a gravel sidewalk within the market. Charbolak market has around 200 shops, attracting 500 customers everyday. These improvements will allow shopkeepers and customers to stay longer in the market during all seasons of the year, and will increase commercial activities while creating job opportunities for the people of Charbolak. This grant was completed on October 26, 2009.

#### **Almar Market, Faryab**

With this MDG, 10 new market stalls were completed at Almar market in Almar district in October. In addition to ASMED's grant, local shopkeepers also made a contribution to the construction. The people of Almar are now able to easily access cereals and grocery items locally rather than traveling long distances to Maimana. This grant created 20 permanent jobs as well as a number of temporary construction jobs while the market was being built.

#### **Aqcha Market, Jawzjan**

This MDG provided for the graveling of the Central Market in Aqcha and was completed in October. Prior to its refurbishment, both shopkeepers and customers experienced problems with dust in summer and mud in winter. The resurfacing has enabled the market to stay open longer and attract more customers, increasing commercial activity in the district. This grant also established a good working relationship between the business community of Aqcha and the local government, and highlighted the benefits of USAID assistance.



**Charbalok Market after gravelling,  
Balkh  
(USAID/ASMED)**



## **Etefaq Market, Jawzjan**

Following a request from the shopkeepers at Atifaq market in Sheberghan, Jawzjan province, ASMED agreed to concrete the surface of the market, one of the region's most important hubs for Afghan knotted carpets and carpet weaving materials. Rain and snow during the winter, and the dual problems of wind and dust in the summer had made conditions unhygienic for the 300 shopkeepers and the 1,000 shoppers who visit the market every day.

Working with a local construction company, ASMED refurbished the market by initialing gravelling and then paving the surface of the bazaar. Following its completion, the refurbished market place was inaugurated by the mayor of Sherberghan on October 18.

Marketplaces under construction:

## **Shortakzar Market, Mazar-i-Sharif**

Shortakzar market is located closed to the center of the city in Mazar-i-Sharif but the lack of sanitation and unstable sidewalks had been keeping customers away. The shopkeepers of Shortakzar requested ASMED's assistance in paving the surface by concreting the sidewalks. During this quarter, a construction company was identified and concreting begun.

## **New Baghlan Grain Market, Baghlan**

The existing market, in New Baghlan City, Baghlan province, has 120 shops, employing a total workforce of approximately 300 people and attracting around 1,200 customers every day. The market offers several kinds of wheat and rice, as well as services for women and the wider Baghlan community.

This grant was approved in November and will gravel and concrete the market's sidewalks, improving the overall sanitation and encouraging further commerce. The refurbished market will establish a working relationship between the local government and the business community.

## **Sari-pul Grain Market, Sari-pul city, Sari-pul**

With this grant, concrete paving will be built inside the Grain Market, a medium-sized bazaar located in Sari-pul city, Sari-pul province. The market has 45 shops, employs around 135 people and caters to roughly 1,500 customers every day. As the sidewalks of the marketplace are unpaved, dust spreads during summer and the mud keeps customers from visiting the market for longer period of time during winter.

This grant was approved in November. Contracts with the municipality and the construction company have been signed and the first installment payment is under process. This refurbishment will increase commercial activities and provide a cleaner market environment, and create full time and temporary job opportunities for the people of Sari-pul. Importantly, as this is ASMED's first MDG in the province, it will increase public awareness of USAID-funded activities in the area to enable the project to expand its MDG activities to other districts.

## **Aybak Market, Aybak city, Samangan**

The grant will enable trash cans to be installed in the commercial area of Aybak, Samangan province. The municipality and local community will contribute by initially cleaning the area of waste, and the municipality will then be responsible for maintaining the waste collection.

This grant was approved in December. An MoU has been signed between the municipality, the construction company and ASMED for work to begin in the new year. This grant will support commercial activity of market areas in Samangan province by improving the waste collection systems within the market and increase public awareness of USAID-funded activities in Samangan Province.

## **Association Development Grants**

### **Afghan Carpet Exporters Guild, Mazar-i-sharif, Balkh**

The Afghan Carpet Exporters Guild (ACEG) was established 42 years ago with a focus on providing technical expertise to carpet companies on value, brand and quality. However, as the guild lacked the capacity to

operate as a coordination agency for carpet producers and traders in the country's north, an opportunity existed to create a business information center within the ACEG's Mazar office.

With ASMED's support, this center will move the services provided by the ACEG to a new level, enabling the guild to provide informational support and promotional services to its members. Activities this quarter include the design of the association's website, and printing advertising posters and a brochure. Advertising in carpet magazines will take place next quarter.

### **Ajmer Beekeeping Association Unit, Baghlan**

The Ajmeer Beekeeping Association (ABA) was established in 2007 in Baghlan province. The Association's main focus is disease control, ensuring that all imported bees have disease-free certification, as well as providing expertise and training to its members on the quality of bee production. In addition to enjoying a strong demand for its product in the local market, the association is expanding its marketing to include Kabul and other cities in Afghanistan where honey is imported from Iran, the UAE and Pakistan.

With ASMED's assistance, the association plans to increase and improve honey production. The association particularly needs new beekeeping equipment to increase production as well as improve quality. The increased business of its members will, in turn, ensure the association's financial sustainability.

This quarter, ASMED supported the Ajmeer Beekeepers by providing protective equipment for its members, tools for wax removal, units for winter feeding, wax, brushes for cleaning beehives and a smoke sprayer.

### **Pulikhumri Carpenters' Association, PuliKhumri, Baghlan**

The Carpenters' Association is one of 30 associations making up the Provincial Council of the Crafter's Union (PCCUB) in PuliKhumri city, Baghlan province. The association consists of 150 skilled and experienced carpenters, producing 12 different types of wooden items including windows, doors, fences, furniture, coaches, shelves, and wooden beds. The association's aims are to provide training to its members and increase their revenue by identifying new regional and national market opportunities.

With this grant, completed in October, ASMED assisted the association in procuring 5 types of operating machines for designing carpentry products, as well as small size electrical hand saws. 60 members of the association were trained on the use of the new equipment.

### **Qataghan Seed Production Association, Baghlan**

The Qataghan Seed Production Association (QSPA) was established by a group of seed traders and agriculture input suppliers in 2006. The main objective of the association is to improve and increase agricultural production by cultivating, processing and supplying good quality grains and seeds to farmers. The supply of improved seeds is vital to the development of agriculture in the country's north.

There is a high demand for improved seeds among farmers but the association is not able to meet the demand and is in need of new equipment for seed cleaning, processing and packaging. This grant will provide QSPA members with equipment including a 5KW generator, a bag stitching machine, a seed cleaner machine, and improved packaging, as well as training sessions on seed treatment processing methodologies. This grant is also assisting the association in marketing its production. This quarter, the QSPA collected its new equipment. The training will be completed in the next quarter.

### **Gemstone Training Center at the Jewelers Guild of Kunduz, Kunduz**

The Gemstone Guild was established in 1988 as a member of the Federation of Craftsmen and Traders (FACT) in Kunduz. Its current activities include advocacy and lobbying, and running a savings cooperative for its members.

With assistance from ASMED and GTZ, the Guild is setting up a gemstone processing and jewelry training center in Kunduz to teach gemstone cutting and polishing, jewelry design and manufacture. ASMED is providing the guild with tools and equipment as well as the skills training for members and non-members. Participants will pay fees for this training which will increase the income of the Guild. The skills training is being provided by GTZ. Under this grant, the guild's registration with Ministry of Justice was completed in December.

### **Mazar-Balkh Dry Fruits Processing and Exporter Association, Mazar-i-Sharif, Balkh**

This association, the first of its kind in Mazar, was created in February 2009 with assistance from ASMED. The association plans to support its members in increasing their revenue by introducing them to improved methods of production, international standards on drying fruits, new marketing techniques and other business related trainings as well as construct a large warehouse, a priority need for dry fruits processors and traders in Mazar. This warehouse will enable members to continue dry fruits processing during all seasons, increasing both sales and incomes.

This grant, approved in November, will also pay part of the cost of the association's registration to the Ministry of Justice. The association will establish its main office at the Mazar Dry Fruits Market and sub offices in the main fruit producing provinces.

### **Provincial Council of Crafter/ Traders National Union of Kunduz (PCCTNUK), Kunduz**

Through this grant from ASMED, the Provincial Council of Crafters/Traders National Union of Kunduz (PCCTNUK) was able to re-establish its presence and increase its services for its many members throughout Kunduz province. With these funds, the association purchased office furniture as well as equipment including a desktop computer, printer, scanner, copier and projector. The grant also assisted the Union in providing vocational training for its members including tailoring, flower arranging, mobile phone repairing, and running a beauty parlor. A total number of 1,600 men and 40 women benefited from this grant which was completed in December.

## **Value Chain Improvement Grants**

### **Ikhlas Wool Spinning Factory, Mazar-i-Sharif**

The Ikhlas Wool Spinning Company is one of the few licensed companies producing threads for Afghan produced carpets and rugs. In June, the company received a Value Chain Improvement Grant from ASMED to expand its business by building a new storehouse next to the firm's old compound. Since construction was completed, Ikhlas' production level has increased from 400 kg/ day of carpet thread to 1350 kg/ day. In order to cope with this demand, the company recruited additional 20 employees. This grant was completed in December.

### **Mawj Packages Factory, Mazar-i-Sharif**

The Mawj Packaging Company was established in Mazar-i-Sharif in 2004. The initial aim of the company was to provide packaging services to all manufacturing, processing, production and export companies across the northern region. The company has been operating without packaging material (cartons, seals and printings), importing these items from abroad, notably Iran and Pakistan.

With ASMED's support, the company will expand and extend its services by procuring and installing its own packaging equipment, removing its reliance on imported materials. This will provide 26 additional jobs in the initial start-up phase which will increase to 38 by the end of the first year. Contracts were signed this quarter.

### **Qadari Plastic Recycling Company, Dash Shoor, Mazar-i-Sharif**

The Qadari Plastics Recycling Company collects used plastic material from across the northern provinces, crushes it and sells it to plastic processing companies in Pakistan. The company requested ASMED's assistance in enabling it to process used plastics inside Mazar to supply local plastic production companies.

With this grant, ASMED will assist the Qadari Plastic Recycling Company to purchase a plastic grinding machine and 2 plastic bead production machines, enabling the company to increase both its production and sales. The Qadari Plastic Company aims to offer raw material at a price which will be competitive with other suppliers both inside Afghanistan and in neighboring countries such as Iran, Pakistan and China. This grant was approved on November 16 and implementation is ongoing.

## PROGRAM COMPONENT 5:

# CAPACITY BUILDING

## FIELD ACTIVITIES – CENTRAL

### Internship Program – Kabul University

On October 1, the first batch of interns from the faculties of Economics, Agriculture, Computer Science and Journalism at Kabul University began the 3 month practical portion of their 6 month ASMED professional internship program. All 66 ASMED interns (including 24 women) found placements with Kabul based organizations. This practical training provides the opportunity for interns to gain professional experience in an office environment.

**Table 1: Placement of class one of Kabul Interns**

No	Host Companies /Organization	Number of Interns
1	Afghan eQuality Alliance	4
2	Afghanistan Chamber of Commerce and Industry	6
3	Azizi Bank	5
4	Cetena Group	3
5	Brac Afghanistan Bank	2
6	Pashtany Bank	5
7	Export Promotion Agency of Afghanistan (EPPA)	6
8	Parwan Construction Company	2
10	Care International	1
11	Insight Consulting	1
12	Global Partnership for Afghanistan	1
13	Accelerating Sustainable Agriculture Program	2
14	Tolo TV	1
15	Mennonite Economic Development Associates	5
16	Roshan Telecommunication Company	14
17	Horticulture and Livestock Project/USAID	2
18	Atimad Engineering and Construction Company	1
TOTAL		66

On October 3, the second batch of 75 interns (including 24 women) began the program with theoretical training comprising of 3 months of classes on modern accounting, business communications and marketing, delivered by ASMED partner, Oriental Consulting.

Kabul internship activities were postponed in the first 2 weeks of November following the closure of the university in response to government warnings regarding a possible outbreak of swine flu. 43 interns

(including 13 women) resumed their theoretical training on November 14 with 17 fewer participants who had been forced to leave Kabul following the closure of one of the university's hostels.

The placement of this batch of Kabul University interns for the practical portion of their training began in December. Placement organizations included banks, telecommunication companies, BDS firms, the Export Promotion Agency of Afghanistan, NGOs, private businesses and ASMED.

**Table 2: Placement of class two of Kabul Interns**

No	Host Companies /Organization	Number of Interns
1	United Nations Food and Agricultural Organization (UNFAO)	6
2	Afghanistan Small and Medium Enterprise Development (ASMED)	6
3	National Security Hospital	1
4	Global Partnership for Afghanistan	4
5	Net Links	2
6	Afghanistan International Bank	14
7	Oriental Consultant	2
8	Capacity Development in Agriculture Services	2
10	Bakhtar Bank	4
11	Roshan Telecommunication	2
12	Global Rights Partners	1
13	Adil Omar Construction Company	1
14	Shuhada Organization	1
15	Afghan Telecom	1
16	Coordination of Humanitarian Assistance	1
17	Durukhshan Agriculture & Social Association(North)	1
18	Afghan eQuality Alliance	2
19	Ariana International Logistics and Trading Co	1
20	Ministry of Commerce & Industry	1
21	HLP/Mail	2
TOTAL		55

## FIELD ACTIVITIES – EAST

### Internship Program – Nangarhar University

Following the completion of their 3 month theoretical course in basic management, accounting, quick book, marketing, supervision and banking, on October 1, 80 ASMED interns (including 35 women) from the Economics, Agriculture, Computer Science and Education faculties of Nangarhar University began the practical portion of their ASMED professional internship. All 80 were placed for 3 months practical experience with Jalalabad based private and public sector organizations.

**Table 3: Placement of class 5 of Jalalabad Interns**

S/N	Host Companies /Organization	Number of interns
1	Kabul Bank	2
2	Afghanistan Chamber of Commerce and Industries (Nangarhar Branch)	6
3	Kardan University	1
4	Nawe Faisal Hamza Company Limited	1
5	Masroor Food Processing Company	1
6	Incentives Driving Economic Alternative/North, East and West (IDEA/NEW)	3
7	Ministry of Agriculture, Irrigation and Livelihood (Nangarhar Branch)	1
8	Afghanistan Institute of Business Management	1
9	Afghan Shamsad Construction Company	1
10	Javid Afghan Ltd	2
11	International Relief and Development Inc (IRD)	2
12	Tariq Omer Production & Construction Company	2
13	ASMED Jalalabad	3
14	Merwais Ahmad Dastger Ltd.	1
15	Da Afghanistan Bank	1
16	Numan Fahim Ltd.	1
17	Independent Election Commission	1
18	Numan Jalal Road Building & Construction Company	1
19	Norwegian Project Office - Rural Rehabilitation Association for Afghanistan	1
20	Export Promotion Agency for Afghanistan (EPAA)	2
21	Afghani Women and Kids Education and Necessities	2
22	Road Roof Construction Company	1
23	United Medical Center for Afghans/Rehabilitation Program for Afghanistan	1
24	Nangarhar Nursery Growers Association	1
25	Agency for Rehabilitation and Energy conservation in Afghanistan	1
26	Agriculture Development Association for Afghanistan	1
27	Sahil Marble	1
28	Maiwand Bank	1



29	Afghan Independent Human Rights Commission	1
30	Shamal Sharg Aria Building and Road Construction Company	1
31	Afghanistan Central Business Registry - Jalalabad	1
32	Afghan Women Business Development Federation	2
33	Ahmad Shah Abdali High School	4
34	Khurasan University	1
35	Afghanistan Women Welfare Department	3
36	Shams London Academy	3
37	Killid Radio	2
38	Afghan Women Radio	3
39	Afghanistan Women Welfare Department	1
40	Afghan Women Social and Business Development Association	1
41	International Orphan Care	1
42	Global Connection and Exchange Program	1
43	Ministry of Counter Narcotics	2
44	Sherzai English Academy	1
45	Paiwand Educational, Vocational Services Organization	1
46	Global Connection and Exchange Program	2
47	Save the Children	1
48	Aman Construction and Rehabilitation Company	1
49	Afghan Rehabilitation and Education Program	2
50	Engineering Construction, Highway Construction Company	1
51	Soliderate Afghan Belgium	1
	Total	80

### **Internship Program - Paktia University**

On December 14, the first batch of Paktia University interns completed the ASMED Internship program. IQRA (Institute of Technology and Management Sciences), ASMED's implementing partner for Paktia, reported 32 of the 40 interns taking part in the program have received permanent job offers from their host companies. The second batch of the Paktia University interns began their practical placement with local organizations in December.

## **FIELD ACTIVITIES – WEST**

### **Internship Program – Herat University**

140 students (including 45 women) from the Economics, Law, Education, Computer Science, Agriculture and Literature faculties are taking part in ASMED's internship program at Herat

University. The interns are divided into two batches of 70 students each. On October 26, the first batch (including 14 women) began their practical placement at Herat based organizations. On October 28, the second batch (including 31 women) began their 3 months of theoretical studies. In December, ASMED began the practical placement of these interns placing 61 interns with 26 Herat based private and public sector organizations by the end of this reporting period.

## **FIELD ACTIVITIES – NORTH**

### **Internship Program - Balkh University**

ASMED partner, Balkh BDS, continued its implementation of the internship program at Balkh University. The first group of 70 interns completed their theoretical training courses in Accounting, Business Management and Marketing on November 26 and began their practical placements on December 1 with Mazar-i-sharif based private and public sector organizations including Roshan, WASL Telecommunications, and local BDS firms. The theoretical component of the second batch (70 students) began on December 12 and is currently ongoing.

### **Internship Program - Baghlan University**

ASMED successfully launched its internship program at Baghlan University this quarter. Implementing partner, the Azar BDS Company, conducted a preliminary test and selected 60 out of 198 students to participate in the program. The theoretical training in Accounting, Business Management, and Marketing began on October 13 for 3 months.

### **Internship Program - Faryab University**

On November 2, ASMED was approached by Faryab University with a request to begin its internship program at the college. The program will start early next quarter with Balkh BDS as its implementing partner.



**Entrance exams for Internship Program at Baghlan University (ASMED/USAID)**

## **FIELD ACTIVITIES – SOUTH**

### **Internship Program – Helmand, Uruzgan and Zabul**

October was one of the most successful months for the ASMED internship program with the expansion of the program into the 3 most insecure provinces of the country's south: Helmand, Uruzgan and Zabul.

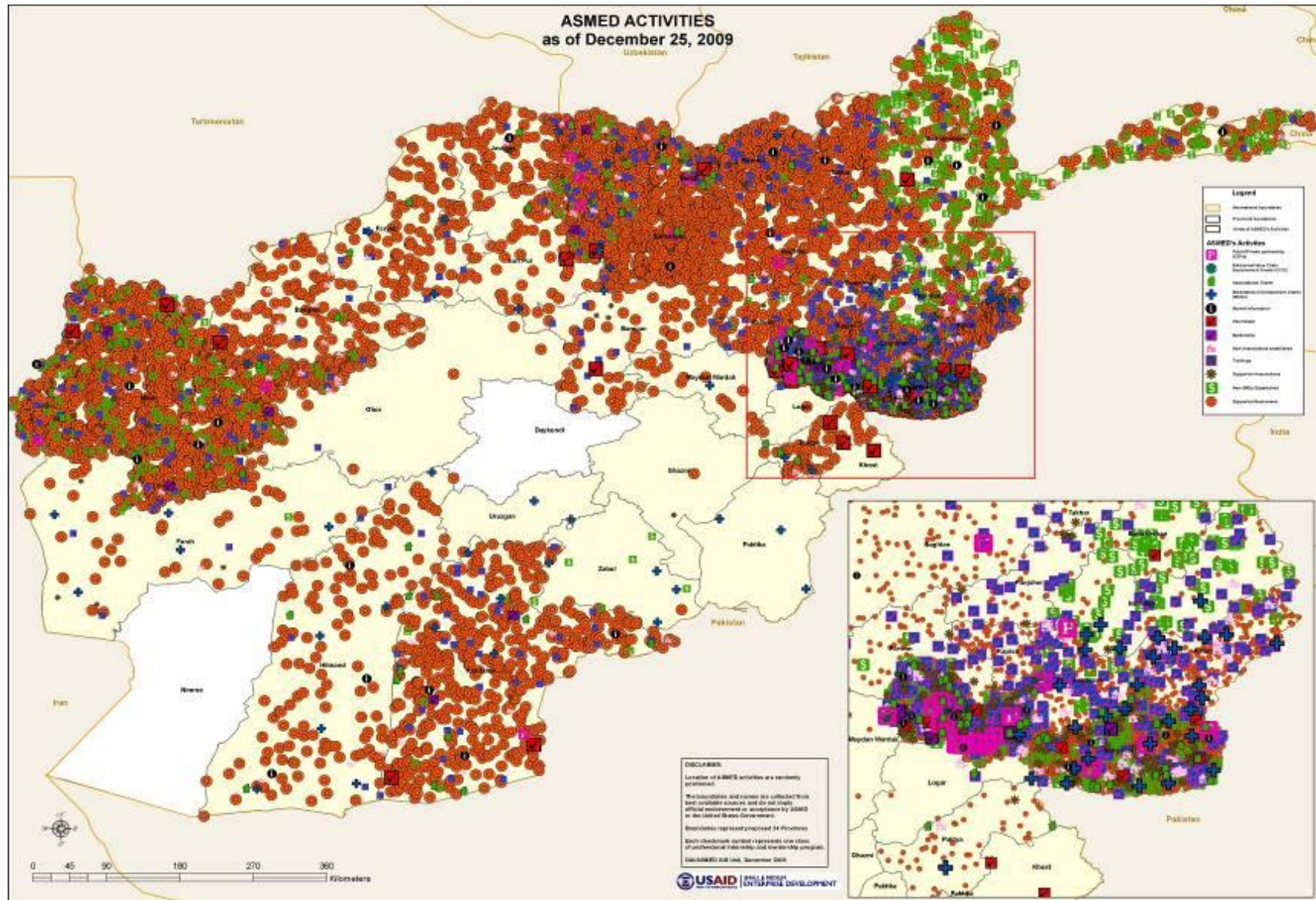
There are no universities in these provinces, and ASMED is providing internships to high school students unable to travel to attend universities in other parts of the country.

On October 3, a qualifying test was conducted for high school students in Lashkargah. 218 students participated, of which 50 were selected to begin their theoretical training on October 12. ASMED partner, Advanced Business Consulting, is delivering the 3 months training in Modern Accounting, Management and Marketing. The 3 months practical placement with Helmand based organizations will follow.

On October 9, the qualifying test was held for 61 high school students in Uruzgan province. 50 interns were selected and began their training in Accounting, Management and Marketing on October 12. They will then be placed with Uruzgan based SMEs for their 3 months practical training.

On October 5, the test was conducted for students in Zabul province. 88 students participated, with 50 selected to begin their theoretical training on October 12. Their practical placement will follow in the next quarter.

# ACTIVITY MAP I: PROJECT TO DATE





# ACTIVITY MAP 2: FOURTH QUARTER 2009

